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6 November 1951

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SECTION 1 (SOVIET)

1. USSR. Soviet note warns Turkey against Atlantic Pact: The Soviet Union has warned Turkey that it "cannot remain indifferent" to Turkey's plans to join the Atlantic Pact, and "awaits an explanation from the Turkish Government." The note, announced by TASS in the Moscow press, was delivered in Ankara by the Soviet Ambassador, who flew from the USSR. The note, according to TASS, drew Turkey's attention "to the responsibility it has assumed by joining the aggressive Atlantic bloc and allowing Turkish territory to be used for the establishment of foreign military bases on Soviet frontiers." Major stress was laid on the air and naval bases allegedly being established by the US near the Soviet frontier. (U NY Times Reuters, 4 Nov 51)

Comment: The Soviet Union's current campaign against the Atlantic Pact and Western defense measures has included the delivery of notes to such NATO countries as France, Italy and Norway. The Soviet demarche to Turkey fits into this pattern and is similar to Moscow's protests to Norway at the time of its entrance into the North Atlantic Pact in 1949. It may well be followed by a similar note to Greece or a Soviet offer to renew the Soviet-Turkish non-aggression treaty, denounced by the USSR in March 1945. Such an offer was made to Norway following the Soviet note in 1949.

2. AUSTRIA. Austrian employees discharged at Soviet military installations: On 1 September 1951 all Soviet military installations in Vienna were directed to discharge all Austrian employees. The process of dismissal, which is expected to take about two months, is determined by the trade union representative of each installation, with non-communists and "questionable" communists leaving first.

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Comment: The report is in accordance with earlier reports of dismissals at Soviet installations in Austria. (See OCI Daily 10 Oct 51) While the move is probably a security measure similar to that taken in East Germany, it also may be an indication of the permanent nature of Soviet occupation, as contrasted with the alleged Soviet interest in concluding an Austrian peace treaty.

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[Redacted]

25X1X4. Poles approach France and Finland re ship purchases: According to a recent report [Redacted] Poland concluded negotiations in August for the purchase of the French merchant ship Wisconsin of approximately 8,000 gross tons.

25X1X [Redacted] also that Poland has been negotiating with Finland for the construction of six 10,000 dead-weight tons merchant ships. No contracts have been signed yet between Poland and Finland because the Poles object to Finland's long delivery terms. [Redacted]

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Comment: These reports are consistent with others that Poland is making every effort to enlarge its merchant marine whatever the cost.

In early September it was learned that France had agreed to an annex to the French-Polish trade agreement providing for the sale of the Wisconsin to Poland. No further information has been received as to France's final action on this sale.

Poland's approach to Finland for the construction of six merchant vessels has not been reported previously. However, Finland does have shipyards capable of constructing vessels of this size.

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SECTION 2 (EASTERN)

1. NEAR EAST. Ex-Mufti of Jerusalem urges Arab attacks against Westerners:
The ex-Mufti of Jerusalem has reportedly sent word to his followers in all the Arab countries urging them to attack all British, American and French nationals and to sabotage their property. [redacted] no evidence of an understanding between the ex-Mufti and the Moslem Brotherhood, [redacted] the Mufti has conferred with Moslem Brotherhood leaders [redacted] as well as with members of other dissident groups. [redacted]

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Comment: The followers of the ex-Mufti are not as numerous as those of the fanatic Moslem Brotherhood, but they have sufficient support as a result of the Palestine issue to promote disturbances in the area and to increase Arab bitterness toward the Western powers.

2. EGYPT. Military training program in the US for Egyptians to be suspended:
The Department of State has informed the Embassy in Cairo that "present conditions" make it advisable to suspend the training program in the US for Egyptian army and air force personnel. Egyptian personnel now attending US service schools, however, will be permitted to complete their training. The Department states its further belief that it "does not consider this action punitive," and it voices the hope that "conditions will soon permit a resumption of the training program."

The Department suggests that, since formal notification to Egypt concerning this decision to suspend the training program "would probably cause considerable resentment, particularly in the Egyptian Army and the Air Force," the Embassy should merely delay acting on Egyptian applications for military training and explain, when asked, that the delay is "only administrative." (S to Cairo 683, 2 Nov 51)

3. AFGHANISTAN. Czech Legation in Kabul a possible source of Communist propaganda: The Czech Legation in Kabul is thought to be disseminating Communist propaganda written in English. Several pieces of this material, of the fellow-traveller variety clearly designed to appeal to Afghan intelligentsia, have recently come into the possession of the US Embassy in Kabul. (C Kabul, Joint Weeka 18, 1 Nov 51)

Comment: Relatively little is known of Communist activity in Afghanistan. It was reported in July that Russian language propaganda materials were being disseminated by the Soviet Trade Agency in Kabul (see Daily Digest, 23 Jul 51), but the Czechs have not previously been reported as involved in propaganda activities. Following Dr. Kratochvil's defection as Czech Ambassador to India, in early 1951, it was rumored that the Cominform had shifted its South Asian base of activities from India

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to Afghanistan in order to make use of the well-developed net of Czech economic representatives in the area.

4. PAKISTAN. Trade agreement with Ceylon: On 14 September, Pakistan signed an agreement with Ceylon designed to facilitate trade between the two countries. Under the terms of the agreement, Pakistan will encourage exports including 150,000 tons of rice, some wheat flour, and gram to Ceylon, while Ceylon will export natural rubber, graphite, cocoanut oil, tea and spices. (U Karachi Desp. 349, 20 Sep 51)

Comment: West Pakistan's normal rice surplus is from 200,000 to 300,000 tons, most of which ordinarily is sent to the deficit area of East Pakistan. The dispatch of 150,000 tons of rice to Ceylon would force East Pakistanis, who prefer rice, to consume more wheat, of which there is a greater surplus in West Pakistan. India, which has imported Pakistani rice, may also suffer as a result of the new agreement. Pakistan utilizes very little natural rubber and graphite and may intend to re-export these commodities.

5. BURMA. Burmese Communists and Karen insurgents reportedly sign agreement: The US Charge in Rangoon was told by the British Ambassador that the Karen insurgents in the Irrawaddy Delta have just signed an agreement to cooperate with the Burmese Communist Party. (S Rangoon 441, 3 Nov 51)

Comment: If this report is correct, Communist capabilities in Burma will have been greatly increased at a critical moment. Coordinated action by the numerous Karen rebels in the rice-rich delta area of southern Burma would facilitate the achievement of the Burmese Communists' current objective -- control of northern Burma, including territory adjacent to Communist China.

The British Foreign Office regards the situation in Burma with considerable concern and has recently suggested a joint American-British effort to assist the Burmese Government in reaching a settlement with the Karens. The American and British Embassies in Rangoon, however, believe such an approach unwise, citing extreme Burmese sensitivity to the Karen insurgency as reflected in Premier Thakin Nu's 29 October statement that Burma would not accept mediation.

6. INDOCHINA. Renewed Viet Minh terrorism foreseen: The French authorities fear that the assassination of Commissioner de Raymond in Cambodia is the signal for a renewed and increased effort on the part of the Viet Minh to establish a reign of terror. After being spared any grenade throwings for four or five months, Saigon has recently suffered three such incidents. (C Saigon 965, 3 Nov 51)

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7. INDONESIA. Communists penetrate Indonesian Army: [redacted] [redacted] the Communist Party has penetrated the Indonesian Army in Sumatra to such an extent that a number of troops [redacted] [redacted] had to be moved to Java because of their subversive behavior. [redacted]

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25X1 Comment: If [redacted] true, Col. Simbolon, military commander of North and Central Sumatra and one of the most competent officers in the Indonesian army, was probably responsible for shifting unreliable troops to another part of Indonesia.

It has been estimated that five percent of Indonesian Army troops are Communist and 40 percent are "unreliable."

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8. Re-entry permits denied to Overseas Chinese now in China: A [redacted] reports that after the departure for Communist China in August of an overseas Chinese observation party, it was discovered that the Indonesian Immigration Department had not included re-entry permits in the passports and travel documents. Members of the party born in Indonesia will be permitted to return. However, those born outside Indonesia probably will not be permitted to re-enter the country on completion of the tour.

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A prominent Chinese in Sumatra has made several visits to the Immigration Office in Medan in an effort to secure re-entry permits for the entire Sumatra contingent of the party. To date he has been unsuccessful. [redacted]

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Comment: During the weeks preceding the departure of the group, the Indonesian Government had become increasingly irritated by policies of the Chinese Communist Embassy in Djakarta and increasingly aware of Chinese Communist subversive activity. Additionally influenced by the discovery of an "underground movement which had foreign support," Indonesian officials may persist in denying re-entry to those Chinese not Indonesian-born.

9.

Labor front is quiet: The labor front in Indonesia is generally quiet. Left-wing labor unions are not making excessive demands or threatening crippling strikes.

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[redacted] SOBSI, the Communist-led labor federation, has probably passed instructions down to local unions not to create disturbances in order either to give the impression that the government's security sweep was not necessary or to lull the government and the public into thinking the security measures have been effective.

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[redacted] this is only a tactic, and that the left-wing labor movement is preparing to renew agitation and to carry out increased subversive activities. [redacted]

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Comment: The government's security arrests included a number of SOBSI and left-wing labor officials and several suspected Communists in the Labor Ministry.

25X1 [redacted] probably correct in estimating the current lack of labor disturbances as a tactic. However, an additional and more immediate reason for such quiescence is the fact that renewed activity at the moment would undoubtedly bring renewed arrests.

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11. Communist resolution outlines plans for Provisional Revolutionary Government: A [redacted] has obtained a copy of a Philippine Politbureau resolution, dated March 1951, which sets forth the aim of establishing a "Provisional Revolutionary Government" which would be intended to serve as a "rallying center" for the allegiance of the masses and give them a "permanent revolutionary outlook." In areas of strong Huk influence, town councils would be elected by a "show of hands." The councils would designate and supervise peasant committees for partitioning and apportioning the land, and where factories exist, workers' committees would prepare for the seizure of industries. [redacted] While it is recognized that there is a big difference between outlining and actually implementing this plan, in areas friendly to the Huks "town councils" might be used to gain further mass support, although it is doubtful they could accomplish actual government functions since the Philippine Communists lack a "liberated area." (C Manila 1611, 2 Nov 51)

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12. CHINA. Chou En-lai reports on state of the nation: Chinese Communist Premier and Foreign Minister Chou En-lai's long political report to the People's Consultative Conference on 23 October has been released by Peiping radio. Chou made the following principal points:

- (1) an "unprecedented unity" of the Chinese people has resulted from the three-point program of aiding Korea, advancing land reform, and suppressing counter-revolutionaries;
- (2) although Chinese Communist forces in Korea have inflicted on the US "colossal" losses, US intransigence in negotiations has shown that the Chinese must be prepared if necessary for a "long-term struggle";
- (3) land reform now extends to 310 million people, with 90 million to go, and will be largely completed by the end of 1952;
- (4) although "great nation-wide successes" have been achieved in suppressing counter-revolutionaries, the movement has been "uneven," and the struggle "must continue on a nation-wide scale";
- (5) government organs at all levels are working well but need to be streamlined, to improve their cadres, and to learn to distinguish between Peiping's area of responsibility and their own;
- (6) the national minorities are being brought under Communist control while concessions are being made to local customs; and
- (7) united front activities are effectively lining up the populace to support Peiping's policies, with even the intelligentsia, businessmen and religionists learning to admire the Communists and despise the West. (R FBID flimsy, 3 Nov 51)

Comment: Most of these points were made in the speeches of Mao Tse-tung and other Chinese Communist leaders before the Conference, which discharged its function of endorsing the regime's program in toto. The "unprecedented unity" and wide popular "support" are clearly the products of compulsion; almost all sources agree that the regime is unpopular with all elements except its own functionaries.

13. Over 300 nuns and priests said to be imprisoned in Communist China:

25X1 [redacted] in Hong Kong states that 19 nuns and 300 priests are known to be in jail in Communist China, that 1,000 Catholic missionaries have been forced out of China during 1951, and that the remaining 1,500 are

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expected to be jailed or expelled within the next year. (S Hong Kong 1621, 2 Nov 51)

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Comment: Although [redacted] may be correct, his figures are higher in all categories than those supplied [redacted]. Even including those under house arrest, the figure of 319 cannot be confirmed by available evidence. Some hundreds of Catholic missionaries are known to have been expelled; it is estimated that about 1,000 others have remained. In any event, [redacted] certainly right in expecting the imprisonment or (in most cases) expulsion of those remaining, as well as continued coercive action against the estimated 10,000 Chinese priests and 3,000,000 Chinese Catholics.

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14. Tibetan wool sales hampered by US controls: According to an important Indian trader in Tibetan wool, US controls may force the Tibetans to sell their wool to the Chinese, who urgently need it for making blankets. Because of US Treasury restrictions, dealers do not know whether the US will buy Tibetan wool. The Consul General in Calcutta advises a relaxation of these restrictions in order to encourage Tibetans to bring their wool to the Kalimpong market. Otherwise, they will sell to the Chinese Communists. (C Calcutta 221, 27 Oct 51)

Comment: US Foreign Assets Control Regulations forbid payments for merchandise in which Chinese Communist nationals have had any interest since 17 December 1950, unless permission is obtained from the Secretary of the Treasury. Under the regulations, US dealers cannot pay for wool now owned by Tibetans (who are presumably nationals of Communist China).

15. Chinese Communists are still relatively unaffected by Western economic sanctions: Western economic sanctions have had no especially adverse effect on China's economy, according to the US Consul General in Hong Kong. Although the Communists have had to defer some of their plans for industrial expansion, reports from travelers indicate that the efficiency of many utilities--some of which depend on imported machinery--has actually increased.

The Consul General believes that stockpiles of strategic items already accumulated may have acted thus far as a buffer against the effect of Western sanctions, but shortages are beginning to develop in certain items, e.g., trucks and electronic supplies. He is of the opinion that the next six months will demonstrate the full effects of Western economic sanctions. (S Hong Kong 1612, 1 Nov 51)

Comment: Sanctions have been in effect for too short a time to permit firm conclusions regarding their effect on China's economy. The Chinese claim that increased shipments from the USSR and Eastern Europe

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are countering the effectiveness of Western export controls. Nevertheless, unconfirmed reports that the Chinese are dissatisfied with the quality of Soviet deliveries and costly efforts to develop sources of supply in the non-Orbit areas (e.g., Macao and India) indicate that Western sanctions are beginning to handicap China's economy.

16. KOREA. "Aerial no-man's land" reported over northwestern Korea: The inability of UN medium bombers to venture north of the Chongchon River in northwestern Korea in daylight hours is cited by the Far East Command as demonstrating the loss of UN air superiority in this area.

The Far East Command states, however, that the "relative freedom of action" enjoyed by high-performance UN jet aircraft over northwestern Korea has in turn prevented the Communists from achieving effective air superiority, in effect establishing an "aerial no-man's land." (S CINCFE Telecon 5331, 5 Nov 51)

Comment: Loss of air superiority north of the Chongchon River has caused the UN to resort to night medium bomber and fighter-bomber missions in an attempt to continue the neutralization of the airfields at Taechon, Namsi and Saamchan. The Communists are continuing to augment their anti-aircraft defenses at these fields, and considerable construction work continues in the repair and extension of runways.

17. Communists adamant on possession of Kaesong: A Peiping broadcast, reporting the 4 November sub-committee meeting of the cease-fire talks, states that no progress was made. The broadcast adds that the Communists are "determined in their opposition to the absurd American demand that they yield Kaesong" and that they will equally oppose "the fantastic demand that Kaesong be placed under American control and moved into a so-called demilitarized area."

The broadcast concludes with the warning that if "the American side stubbornly persists in their demands ... then the responsibility for stalling the armistice negotiations will rest entirely with the American side." (R FB1D Ticker Peiping, 4 Nov 51)

Comment: Reasons for the Communists' currently intransigent stand on the disposition of Kaesong are obscure. It may be speculated, however, that the prestige value of holding this ancient Korean capital city, located in South Korean territory, is of equal weight with its military value.

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18. Chinese Communists make coordinated tank-infantry attack in western sector: In the late afternoon of 4 November, an unidentified Chinese Communist unit, estimated at division strength, launched an attack supported by an estimated reinforced battalion of tanks and self-propelled guns. The attack, directed against elements of the 1st Commonwealth Division west of Yonchon in the western sector, was sustained for nine hours but made only slight gains. UN air action knocked out six of the twenty-two attacking tanks and one of the three self-propelled guns. (S CINCFE Telecon 5331, 5 Nov 51)

Comment: This engagement, the heaviest reported during the past two months, is significant in that it is the second occasion that Chinese elements have received armored support in the attack. The armor utilized during this action were probably elements of the Chinese Communist 1st Armored Division located in this general area.

19. North Korean Premier thanks Chinese "Volunteers" for having "achieved" their mission: In a 4 November Peiping broadcast, the text of a message from North Korea's Premier Kim Il Sung to the "Chinese People's Political Consultative Conference" was released. Kim tendered his "warmest thanks" for the encouragement received from China, and in speaking of the feats of the Chinese "Volunteers" in the Korean war he noted that "they have victoriously achieved the glorious mission assigned by the Chinese people."

He added, however, that "with the militant aid of the Chinese People's Volunteers, the Korean People's Army will assuredly defend the unification and independence of their own country..." (R FBID Ticker Peiping, 4 Nov 51)

Comment: While this broadcast is of particular interest in that Kim uses the past tense in referring to the mission of the Chinese "Volunteers" in Korea, the obscure statement that they would continue to "defend the unification" sheds no further light on ultimate Chinese intentions in Korea. Chou En-lai has recently stated that the Chinese must be prepared if necessary for a "long-term struggle" in Korea.

20. Russian-born Korean named Vice Premier: Ho Ka-i was appointed Vice Premier of the Cabinet of the Democratic People's Republic of Korea on 2 November by the Presidium of the Supreme People's Assembly, according to Radio Pyongyang. (R FBID Ticker, 4 Nov 51)

Comment: Ho Ka-i takes the place of Vice Premier Kim Chaek, who was a war casualty some months ago. He is believed to have been born in the USSR and to have dual citizenship. His highest official post to date

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has been that of Vice Chairman of the Central Committee of the North Korean Labor Party. One of the few Koreans rumored to have free access to the Soviet Embassy in Pyongyang, Ho's political star appears to be in the ascendancy.

21. JAPAN. Korean-Japanese talks reach impasse: The US Political Adviser reports that the Korean-Japanese talks have reached an impasse over the Korean request that special privileges be accorded to Korean residents in Japan after they attain alien status. The Japanese Foreign Office has indicated that it will be difficult to continue the talks if the Koreans insist on a status which the Japanese consider extra-territoriality. (C Tokyo 932, 3 Nov 51)

Comment: In a letter to Ambassador Dulles on 26 October, the head of the Korean delegation complained that Japan was deliberately delaying consideration of outstanding problems until Japan achieves full sovereignty. The Koreans, mistrustful of Japanese intentions and mindful of their former status as "second-class" citizens, apparently are seeking guarantees of special treatment which the Japanese are determined not to give. The Koreans probably also fear a wholesale deportation of indigents and other undesirables, despite Japanese assurances that deportation would be applied only to "leftist troublemakers." A breakdown of the current talks will be an unfortunate beginning for Korean-Japanese independent relations, which are certain to be tenuous for several years.

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SECTION 3 (WESTERN)

1. GERMANY. USSR apparently seeking four-power discussion of Berlin trade problems: East German trade officials have told their West German counterparts that they are now forbidden by the Soviet authorities to discuss restrictions on West Berlin trade. The East Germans admit that this marks a definite change in the Soviet position from the time the interzonal trade agreement was signed on 20 September. They declare that the restrictions can now be discussed only on a four-power level.

The Western Allies are prepared to open trade discussion with the Soviet authorities, but only after suspension of the interzonal trade agreement, a step on which Chancellor Adenauer's views are awaited. West Berlin officials, claiming that economic difficulties are beginning to be evident in Berlin, believe that immediate steps should be taken to increase the airlift of exports. Meanwhile, confirmation has been received that the Rothensee canal lock in East Germany has been opened, removing one of the obstacles to barge traffic from Berlin. (S Bonn 308, 2 Nov 51; R Berlin 672, 3 Nov 51)

Comment: At the signing of the interzonal trade agreement, the East Germans made an oral pledge that certain devices to harass Berlin trade would be abandoned. Prior to this time, they honored this promise only to the extent of reducing the tax on truck traffic to Berlin. If the Soviet authorities have now denied the East Germans any jurisdiction over trade restrictions, the purpose might be to give the USSR a free hand to use the restrictions as one of several levers to impede progress toward the integration of Germany into the West, and particularly to force four-power negotiations on this issue.

The Rothensee canal lock, now open for the first time since last January, will not be of much immediate use to the West, as the canal is normally closed because of ice by mid-December.

2. FRANCE. French succeed in having German EDF contribution reduced: At the instigation of the French and with German approval, the European Defense Forces Conference has agreed to reduce from 18 to 12 the number of German units (groupements) to be contributed to the EDF by 1954. The French argued that the total cost of 18 groupements with appropriate supporting forces amounting, according to NATO estimates, to about 16 billion dollars, would be so great as to create fears that the EDF would not be built at all.

The SHAPE observer at the conference stated that his organization could not modify its estimate of military requirements, but that it

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would have to accept the conference's decision on national financial capabilities.

The French are influenced in part by the serious balance of payments crisis, which they are convinced will compel them to curtail their own defense program even more than they had thought a short time ago. (TS Paris 2585, 1 Nov 51)

Comment: The European Defense Forces plan was intended by the French as a means of preventing a return of German military ascendancy in Europe. The French are looking for ways to insure that, aside from contributing a number of units equal to their own, the Germans make an additional financial contribution to Western defense which would compensate for France's naval and overseas commitments benefiting this cause.

3. FRENCH MOROCCO. Public disorders attend 1 November election: Disorders accompanied strenuous French efforts to get out the few Moroccans eligible to vote in the 1 November election. Eight persons were reported killed by police and 500 arrested. Further disorders are said to be planned for 6 November, the date of the opening session of the UN General Assembly. (C Casablanca 26, 2 Nov 51)

Comment: The nationalists had asked the few enfranchised natives to boycott this election of 21 delegates to the advisory, 154-member Council of Government, but probably did not propose any demonstrations or disorders. Although disturbances may occur on 6 November, or the national holiday on 18 November, the nationalists probably would not jeopardize their case before the UN by inciting disorders.

4. Expulsion of Bourghiba from Tangier may increase nationalist agitation: On 2 November the international police in Tangier expelled Habib Bourghiba, Tunisian nationalist leader, who had arrived the day before on a private visit. The US Legation in Tangier considers the expulsion a hasty and ill-advised action because it may furnish grounds for renewed political agitation. (C Tangier 168 and 169, 2, 3 Nov 51)

Comment: Although theoretically an international administration, the International Zone of Morocco —Tangier— is dominated by France, which in fact controls the police. The Moroccan nationalists have received further grist for their propaganda mill, and the Arab League nations will probably use the expulsion in presenting the Moroccan case to the UN General Assembly.

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6. French use occupation receipts to support French banking
25X1 interests: Austria's nationalized bank, the Creditanstalt, verifies that the French Government is using schillings received from the Austrian Government as occupation costs to indemnify French banks for losses incurred in Austria's 1947 monetary conversion. The French are also reported to have utilized 25 million schillings of occupation receipts as a deposit to purchase an equity interest in the Austrian Laenderbank. (S Vienna 1592, 1 Nov 51)

Comment: US authorities in Vienna have strongly resisted French and British demands that the Austrian Government should increase its allocations of funds to cover the costs of Allied occupation in Austria.

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made a serious mistake in the recent grant of wage concessions to labor. As a result, he expects further strike threats from labor in January. (C Brussels 619, 2 Nov 51)

Comment: An influential Belgian Cabinet member has stated that the recent "turmoil" over the present government has died down, although criticism of at least one of the ministers continues to be severe. He also stated that the present plan is to go before Parliament with the government unchanged, even though the Chamber of Deputies has not specifically assured this particular government its support.

Ever since the conclusion of labor's successful campaign for wage concessions, it has been rumored that some changes would be made in the composition of the Belgian Government.

9. NETHERLANDS-BELGIUM. Schuman Plan is ratified by Dutch Parliament: Dutch participation in the Schuman Plan was approved on 31 October by an overwhelming majority in the Lower Chamber of the Dutch Parliament, with only the Communists in opposition. Thus the Netherlands becomes the first European country to obtain parliamentary approval for the plan. The Dutch Economic Minister attributes this early adoption to "good coordination between the government, parliament, and industry." Moreover, a great shipping center, the Netherlands stands to profit from the consolidation of industrial commodities like steel and coal.

The Belgian Foreign Minister is not optimistic that the plan will be accepted by the Belgian Parliament and charges the opposition with "hiding behind the constitution" as a pretext to defeat the plan. (R [redacted]) S Brussels 614, 31 Oct 51)

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Comment: The Dutch have consistently endorsed the Schuman Plan as a valuable contribution toward a federated Western Europe. The French Assembly, which reconvenes 6 November, is expected to give early and favorable consideration to the plan.

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Comment: Certain Western observers have suggested that Italy's chances for obtaining UN membership at the present time are slight.

11. Government refuses to permit neo-fascist national congress: The Italian Interior Ministry has refused the request of the neo-fascist Italian Social Movement for revocation of a year-old ban against the party's holding a national congress.

US representatives in Rome comment that the refusal of the Christian Democratic government to weaken its stand against this group is motivated by opposition on principle to neo-fascism and perhaps by fear that the vote for the Italian Social movement may grow, particularly in southern Italy. (S Rome Joint Weeka 44, 2 Nov 51)

Comment: The Sicilian elections in the spring of 1951 gave the neo-fascists the balance of power between the Christian Democrats and the Communists. Partly because of the gains by the two political extremes, the Italian Government recently postponed elections in southern Italy from the fall of 1951 to an uncertain date, now planned for the spring of 1952.

12. Communists try new tactic to force cooperation from anti-Communist labor unions: The leadership of the Communist-dominated General Labor Confederation (CGIL) has stated that if the government lowers prices 15 percent within one month, the Confederation will forego its recently announced demand for a general 15 percent wage increase to offset the rise in the cost of living. The US Embassy in Rome comments that the CGIL's change of policy is a clever tactical move in an effort to force the anti-Communist unions to join the drive for higher wages. (S Rome Joint Weeka 44, 2 Nov 51)

Comment: The anti-Communist unions had opposed the CGIL's previous demand for higher wages and advocated instead a reduction in the cost of living through lowered prices. In addition to this switch in the CGIL's position, a development that will exert even greater influence in promoting unity of action among all the unions is the stringent anti-strike bill recently approved by the Cabinet and due for parliamentary consideration during November.

13. COLOMBIA. Abella leaves Communist Party in protest: Pedro J. Abella, member of the National Directorate of the Colombian Communist Party, has

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left the party in protest against Secretary-General Vieira's policy of not supporting the Liberal guerrillas. Abella is reportedly recruiting adherents for a separatist group made up of party members and leftist Liberals. (C Bogota 328, 2 Nov 51)

Comment: The Colombian Communist Party has been numerically insignificant and extraordinarily unattractive to Colombians for years. Abella's policy, if carried out intelligently, would greatly increase Communism's appeal in Colombia, although it may well result in severe repressive measures against party members by the Conservative administration.

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SECTION 2 (EASTERN)

1. CHINA. Communist China's vulnerability to stricter economic controls estimated: The US Consul General in Hong Kong declares that the Chinese Communists would be squeezed much harder than they are today if US-type controls were adopted and strictly enforced by all UN member nations outside the Soviet bloc. Such controls, he states, would not have an early effect on the ability of the Chinese to wage war in Korea on the present scale, since the USSR would undoubtedly make a strong effort to make up for the loss of non-Orbit supplies. Nevertheless, the Chinese urban economy would be strained, and there would be increased dissatisfaction with the Korean war and with Peiping's "lean-to-one-side" policy. (TS S/S Hong Kong 1634, 3 Nov 51)

Comment: The Consul General has previously estimated that current Western controls have as yet had no especially adverse effect on the Chinese economy as a whole. The US-type controls he envisages would mean a cessation of all shipments to Communist China -- not merely a UN-type embargo limited to strategic items. In addition, they would include a ban on merchant ship sailings to Chinese Communist ports. Britain and other Western European countries have indicated their unwillingness to bar their merchant ships from the China trade; nor are they willing to ban the export to China of so-called non-strategic items.

SECTION 3 (WESTERN)

2. ITALY. Government delays compliance with certain provisions of peace treaty: The US Ambassador in Rome has stressed to the State Department that the Italians by delays and inaction are failing to comply with Articles 78 and 83 of the peace treaty, relating respectively to UN property in Italy and to the settlement of disputes between a UN member and Italy by a Conciliation Commission. The Ambassador believes that as soon as agreement is reached on the Italian note requesting revision of the peace treaty, the Italian Government should be told "in the strongest terms" to expedite the processing of claims and to agree on the appointment of a third member to the Conciliation Commission. (S S/S Rome 1977, 2 Nov 51)

Comment: Italy has also stalled on the matter of reparations to certain UN members. It has taken no steps to initiate payments to Yugoslavia, Ethiopia, or Albania.

TOP SECRET